

TEJ
Bill No. 1
9 JAN 07
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DEPARTMENT OF JUSTICE
SB 67: Prohibit Price Gouging

Background

Montana law has no provision that makes it illegal for a citizen or business to take unfair advantage of people during a crisis such as extreme weather, terrorist attack, war or other emergency. The only Montana laws that regulate the price of consumer goods are those that prohibit selling below cost.

In the aftermath of September 11 and Hurricane Katrina, it became clear that states need laws to protect their citizens and businesses from unscrupulous individuals who exploit others during times of crisis by charging far more than usual for necessities such as food, gasoline, generators and hotel rooms.

Protections Proposed in SB 67

To protect Montana citizens, this bill would:

- allow the president, the governor or a judge, upon the request of the attorney general or a county attorney, to declare an emergency or a disruption of the market for up to 30 days;
- prevent most increases of over 10 percent on goods and services at all levels (wholesale and retail) during the crisis; and
- prohibit hoarding of essential goods.

SB 67 does not stop businesses from making a reasonable profit. It would allow:

- increases in price over 10 percent if they are based on an increase in the actual cost of doing business. For example, an increase of more than 10 percent may be allowed if a business had to use generators to keep its lights on.
- businesses to keep their same profit level, so that if the cost of acquiring goods increased, they could increase their prices accordingly.

Penalties

Price gouging and hoarding would become misdemeanors punishable by up to six months in jail and/or a fine of up to \$20,000 per violation. A person or business convicted of price gouging would forfeit all additional profits over the allowed 10 percent to the victims or, if that is not possible, to the state for consumer protection enforcement.